



Patrick W. Henning, Director
July 14, 2008
22M:385:DEJ:8091:8092



Arnold Schwarzenegger
Governor

Ms. Pamela Miller, WIB Executive Director
Yolo County Department of Employment and Social Services
25 North Cottonwood Street
Woodland, CA 95695

Dear Ms. Miller:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Yolo County Department of Employment and Social Services' (DESS) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Mr. David Jansson and Mr. Jim Tremblay from March 17, 2008, through March 21, 2008. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, and contract terms and agreements and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by DESS with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2007-08.

We collected the information for this report through interviews with representatives of DESS, a review of applicable policies and procedures, and a review of documentation retained by DESS for a sample of expenditures and procurements for PY 2007-08.

We received your response to our draft report on May 15, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed the finding cited in the draft report, no further action is required and we consider the issue resolved.

BACKGROUND

DESS was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, DESS was allocated: \$510,032 to serve 59 adult participants; \$731,494 to serve 79 youth participants; and \$413,602 to serve 56 dislocated worker participants.

For the quarter ending December 31, 2007, DESS reported the following expenditures and enrollments for its WIA programs: \$63,406 to serve 21 adult participants; \$428,415 to serve 79 youth participants; and \$50,418 to serve 24 dislocated worker participants.

FISCAL REVIEW RESULTS

While we concluded that, overall, DESS is meeting applicable WIA requirements concerning financial management, we noted an instance of noncompliance in the area of audit resolution procedures. The finding that we identified in this area, our recommendation, and DESS proposed resolution of the finding is specified below.

FINDING 1

Requirement: 20 CFR Section 667.200(b)(1) states, in part, that all governmental and non-profit organizations must follow audit requirements of OMB Circular A-133.

A-133, Subpart B – Audits, requires that all non-Federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part

29 CFR 97.26 states, in part, that grantees and subgrantees are responsible for obtaining audits in accordance with the Single Audit Act of 1984 (31 U.S.C. 7501-7) and the Federal agency implementing regulations.

WIAD05-17 also states, in part, that subrecipients must establish written audit resolution policy and procedures that include the

establishment of local-level hearing procedures which must include the provision that any (formal) hearing must be recorded mechanically or by court reporter.

Observation: We found that DESS' audit resolution procedures did not include all required Federal and State instructions related to local-level hearing procedures. Specifically, we noted that DESS procedures were written prior to the release of WIAD05-17 (released on May 25, 2006) and consequently need to be revised to include local-level hearing procedures which must include the provision that any (formal) hearing must be recorded mechanically or by court reporter.

Recommendation: We recommended that DESS provide the Compliance Review Division a corrective action plan to revise WIA audit resolution procedures to include local-level hearing procedures in accordance with WIAD05-17.

DESS Response: The DESS provided a copy of its revised audit resolution procedures that now state local level hearings will be recorded mechanically or by court reporter.

State Conclusion: We consider this finding resolved.

PROCUREMENT REVIEW RESULTS

While we concluded that, overall, DESS is meeting applicable WIA requirements concerning procurement.

We provide you up to 20 working days after receipt of this report to submit to the Compliance Review Division your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than August 11, 2008. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Division
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is DESS's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain DESS's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Mr. David Jansson at (916) 654-7690.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar". The signature is fluid and cursive, with the first name "Jessie" and last name "Mar" clearly distinguishable.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Don Migge, MIC 50
Lydia Rios, MIC 50